Standing Committee Report Summary

The Warehousing Corporations (Amendment) Bill, 2011


- The Central Warehousing Corporation (CWC) is a Public Sector Enterprise that has been awarded Mini-Ratna status. Mini Ratnas do not get financial support or government guarantees. The Bill amends the Act by removing provisions for any financial support or guarantee given to the CWC by the central government. It maintains the provision of financial support or guarantee given by state governments to State Warehousing Corporations.

- The Committee concurs with the amendment to withdraw financial support and guarantee to the CWC by the central government. According to the amendment, the central government will no longer guarantee the shares of the CWC. In light of this change, the Committee recommends that the CWC examine buying back investors’ shares so that they are given an opportunity to redeem their investment in the corporation.

- The principal Act had referred to Section 86 of the Income Tax Act, 1961 (IT Act) to exempt tax payable on interests on debentures and bonds issued by CWC and SWCs. The Bill retains this provision only for the SWCs. The Committee found that Section 86 has been omitted from the IT Act since April 1965. Therefore, the reference to it in the Bill for exemption of tax is no longer valid. Instead, section 10(15)(iv)(h) of the IT Act deals with incomes from interest on securities that are not taxable. This section of the IT Act can be applicable for tax exemption purposes relating to SWCs. However, the Committee recommends that any exemption from income tax that is sought for the SWCs should be made through the IT Act rather than through this Bill.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research (“PRS”). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.